

BERKELEY FOOD AND HOUSING PROJECT

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTRY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015**

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

**BERKELEY FOOD AND HOUSING PROJECT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

Report on Financial Statements

We have audited the accompanying financial statements of Berkeley Food and Housing Project, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berkeley Food and Housing Project as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017, on our consideration of Berkeley Food and Housing Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berkeley Food and Housing Project's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Berkeley Food and Housing Project's 2015 financial statements, and our report dated December 24, 2015, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it was derived.



San Francisco, California
March 16, 2017

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and Cash Equivalents	\$ 539,296	\$ 460,692
Investments	452,015	0
Account Receivables	1,332,170	1,433,871
Prepaid Expenses	88,341	75,281
Deposits	38,150	17,920
Other Assets	2,342	47,049
Total Current Assets	<u>2,452,314</u>	<u>2,034,813</u>
Fixed Assets (Net of Accumulated Depreciation of \$1,331,258 and \$1,295,297 respectively)	<u>1,321,188</u>	<u>1,425,854</u>
TOTAL ASSETS	<u>\$ 3,773,502</u>	<u>\$ 3,460,667</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 104,224	\$ 133,181
Accrued Vacation, Payroll and Payroll Taxes	148,198	186,437
Accrued Liabilities	8,813	9,255
Deferred Revenue	92,966	12,795
Security Deposits, Client Savings, and Pass-Through Funds	294,255	219,869
Loan Payable	12,000	12,000
Mortgages Payable	88,000	0
Total Current Liabilities	<u>748,456</u>	<u>561,537</u>
Noncurrent Liabilities		
Interest Payable	678,989	638,931
Loan Payable	72,195	84,195
Mortgages Payable	747,630	835,630
Total Noncurrent Liabilities	<u>1,498,814</u>	<u>1,558,756</u>
Total Liabilities	<u>2,247,270</u>	<u>2,120,293</u>
Net Assets		
Unrestricted	430,827	645,809
Temporarily Restricted	<u>1,095,405</u>	<u>682,565</u>
Total Net Assets	<u>1,526,232</u>	<u>1,328,374</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,773,502</u>	<u>\$ 3,448,667</u>

See notes to the financial statements

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTAL 2016</u>	<u>TOTAL 2015</u>
REVENUE				
HUD	\$ 726,150	\$ -	\$ 726,150	\$ 687,673
FEMA	37,000	18,000	55,000	19,000
VA Per Diem	153,829	-	153,829	179,865
Supportive Services for Veteran Families	736,248	-	736,248	654,585
City of Berkeley	1,096,305	-	1,096,305	858,585
City of Emeryville	25,604	-	25,604	7,406
City of Albany	86,430	-	86,430	83,656
Alameda County	837,399	-	837,399	945,180
Solano County	34,129	-	34,129	-
Donations	705,654	-	705,654	812,120
Donations-Capital Campaign	11,610	572,405	584,015	663,970
Program Revenue	201,320	-	201,320	205,199
In-Kind Donations	151,117	-	151,117	100,594
Other Income	16,036	-	16,036	30,591
Interest	3,335	-	3,335	191
Realized Gain/(Loss) on Investments	(51,320)	-	(51,320)	-
Net assets released from:				
Satisfaction of usage restrictions	177,565	(177,565)	-	-
Total Revenue	<u>4,948,411</u>	<u>412,840</u>	<u>5,361,251</u>	<u>5,248,615</u>
EXPENSES				
Program Services	4,116,894	-	4,116,894	3,601,200
Management and General	599,690	-	599,690	400,089
Fund Raising and Capital Campaign	446,809	-	446,809	337,397
Total Expenses	<u>5,163,393</u>	<u>-</u>	<u>5,163,393</u>	<u>4,338,686</u>
Excess (Deficit) of Revenue Over Expenses	(214,982)	412,840	197,858	909,929
Net Assets - Beginning of Year	<u>645,809</u>	<u>682,565</u>	<u>1,328,374</u>	<u>418,445</u>
Net Assets - End of Year	<u>\$ 430,827</u>	<u>1,095,405</u>	<u>\$ 1,526,232</u>	<u>\$ 1,328,374</u>

See notes to the financial statements

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2016</u>	<u>2015</u>
Change in Net Assets	\$ 197,858	\$ 909,929
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities		
Depreciation	114,698	113,637
Loss on Disposal of Fixed Assets	14,787	0
Realized Loss on Investments	51,320	0
Interest Income on Investments	(3,335)	0
Accrued Interest Payable	40,058	40,058
(Increase)/Decrease in:		
Account Receivables	101,701	(863,343)
Prepaid Expenses	(13,060)	(24,654)
Deposits	(20,230)	(420)
Other Assets	44,707	(16,794)
Increase/(Decrease) in:		
Accounts Payable & Other Liabilities	(67,638)	61,008
Deferred Revenues	80,171	(7,331)
Security Deposits, Client Savings, and Pass-Through Funds	74,386	25,933
Net Cash Provided by Operating Activities	<u>615,423</u>	<u>238,023</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(500,000)	0
Purchases of Fixed Assets	<u>(24,819)</u>	<u>(133,462)</u>
Net Cash Used by Investing Activities	<u>(524,819)</u>	<u>(133,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan payments	<u>(12,000)</u>	<u>(12,000)</u>
Net Cash Used by Financing Activities	<u>(12,000)</u>	<u>(12,000)</u>
NET INCREASE/(DECREASE) IN CASH	78,604	92,561
Cash and Cash Equivalents at Beginning of the Year	<u>460,692</u>	<u>368,131</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 539,296</u>	<u>\$ 460,692</u>

SUPPLEMENTARY INFORMATION

Interest Paid	<u>\$ 4,583</u>	<u>\$ 3,653</u>
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See notes to the financial statements

BERKELEY FOOD AND HOUSING PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015

	<u>Supporting Services</u>			<u>TOTAL 2016</u>	<u>TOTAL 2015</u>
	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising and Capital Campaign</u>		
Salaries	\$ 2,199,133	\$ 366,330	\$ 232,285	\$ 2,797,748	\$ 2,353,701
Payroll Taxes	201,774	31,076	18,999	251,849	215,498
Fringe Benefits	374,476	35,774	26,911	437,161	399,739
Total Personnel Expenses	<u>2,775,383</u>	<u>433,180</u>	<u>278,195</u>	<u>3,486,758</u>	<u>2,968,938</u>
Food Costs	147,848	-	-	147,848	119,456
Program Supplies	101,920	21	9,027	110,968	85,481
Client Relations	13,676	-	2,033	15,709	9,374
Contracted Program Services	66,825	178	-	67,003	79,362
Staff Development	27,869	9,796	1,995	39,660	31,001
Travel and Transportation	69,156	3,610	260	73,026	57,371
Volunteer Placement Fees	82	-	1,410	1,492	4,540
Accounting	76,457	15,568	7,605	99,630	67,028
Legal	-	193	-	193	11,346
Professional Fees	13,402	34,150	1,234	48,786	51,021
Office Supplies	23,087	5,626	1,284	29,997	25,788
Printing and Copying	7,360	1,566	28,672	37,598	15,802
Mailing and Postage	341	1,361	4,844	6,546	12,587
Advertising and Development	18,728	34	66,764	85,526	52,597
Licenses, Permits, Fees, & Tax	16,741	11,779	6,430	34,950	30,686
Information Technology	74,043	9,418	9,460	92,921	38,098
Insurance	24,382	2,550	1,552	28,484	32,057
Rent	264,407	42,520	13,858	320,785	252,050
Equipment Rental	17,046	2,821	1,042	20,909	19,089
Furniture & Equipment	24,625	4,932	6,761	36,318	45,115
Repairs and Maintenance	69,861	4,460	1,968	76,289	57,458
Telephone	43,291	4,030	1,038	48,359	36,898
Utilities	88,349	5,065	886	94,300	78,195
Total Expenses Before Depreciation and Interest	<u>3,964,879</u>	<u>592,858</u>	<u>446,318</u>	<u>5,004,055</u>	<u>4,181,338</u>
Interest	40,418	3,965	257	44,640	43,711
Depreciation	111,597	2,867	234	114,698	113,637
TOTAL EXPENSES	<u>\$ 4,116,894</u>	<u>\$ 599,690</u>	<u>\$ 446,809</u>	<u>\$ 5,163,393</u>	<u>\$ 4,338,686</u>

See notes to financial statements

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note A: NATURE OF ACTIVITIES

Berkeley Food and Housing Project (“BFHP”), was incorporated as a California nonprofit public benefit corporation in 1984. BFHP is governed by a volunteer board of directors, and its principal function is to provide community-based services to poor, homeless and mentally disabled people.

BFHP’s mission is to ease and end the crisis of homelessness in the community. BFHP’s programs are grounded in the core components of food, emergency shelter, transitional housing, permanent housing, and rapid re-housing / homelessness prevention services. Core programming is enriched with wraparound supportive services, ranging from benefits enrollment and advocacy for medical and mental health, to money management, employment assistance, and housing case management, the latter of which is a comprehensive, intake-to-placement service delivery model that supports a household’s transition from homelessness to permanent housing.

BFHP is committed to preserving a safe, supportive and stabilizing environment wherein homeless and low income individuals and families can access a holistic range of services to meet their immediate needs and achieve their goals of ending their cycle of homelessness. The short-term goal of BFHP is to rapidly move its participants into permanent housing, while simultaneously addressing each client’s barriers to retaining their housing. The long-term goal of BFHP is to work with the larger community to end chronic homelessness.

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenditures are recorded when incurred.

Basis of Presentation

BFHP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

BFHP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. BFHP is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Management believes that BFHP has no uncertain tax positions as of June 30, 2016.

Reclassifications

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year’s format. Total net assets and net income are unchanged due to these reclassifications.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and grants receivable approximate fair value because of the short maturity of those financial instruments. The carrying amounts of loans and mortgages payable are provided by the lenders, and are based on interest rates being offered for loans with similar terms, to other low-income housing borrowers.

Revenue Recognition

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of the donor restrictions and depending on whether the restrictions are met in the current period.

Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by the fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, BFHP considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. BFHP maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016, BFHP did not have any uninsured cash balances.

Grants / Accounts Receivable

Grants / Accounts receivable consist of amounts due from funding sources, and are considered by management to be fully collectible.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at their fair market value at the date of donation. Fixed asset additions are recorded at cost and depreciated using the straight-line and accelerated method over estimated useful lives ranging from five to twenty-seven and one-half years.

Functional Allocation of Expenses

The costs of providing BFHP's programs have been summarized on a functional basis in these financial statements. Based on management's estimates, costs have been allocated between programs and supporting services as they relate to those functions.

Advertising Costs

The costs of advertising are expensed as incurred. During the year ended June 30, 2016, advertising costs charged to expense totaled \$24,099.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note C: INVESTMENTS

Long term-investments are reported on the basis of quoted market prices (all level 1 measurements). Investments are temporarily restricted for the HOPE Capital Campaign and consist of the following as of June 30, 2016:

	Cost	Fair Value
Stocks and Options	\$ 0	\$ 0
ETFs & CEFs	500,000	452,015
Mutual Funds	0	0
Sub-total for Operating Purposes	\$ 500,000	\$ 452,015

Investment return for the year ended June 30, 2016 is summarized as follows:

Investment Income	\$ 3,335
Realized Gain/(Loss) on Investments	(51,320)
Total	\$ (47,985)

Note D: GRANTS AND ACCOUNTS RECEIVABLE

Receivables represent costs incurred on cost reimbursement contracts and earnings on other contracts in excess of revenues received. The following amounts were due to BFHP at June 30:

	2016	2015
Alameda County	\$ 405,785	\$ 419,470
Respite Services	2,490	2,490
Alameda MHSA Innovations	0	20,000
Bridge Housing	20,580	0
CalWORKs	0	155,416
City of Albany	21,531	34,590
City of Berkeley	20,107	81,148
City of Emeryville	3,921	7,406
Solano County	17,372	0
FEMA	36,000	0
HUD	178,840	135,136
Supportive Services for Veteran Families (SSVF)	37,428	33,693
VA Transitional Housing	14,122	15,552
Urban Emergency Solutions Grant	24,849	0
Foundation & Individual Grants	32,645	23,970
Capital Campaign Contributions	516,500	505,000
Total	\$ 1,332,170	\$ 1,433,871

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note E: FIXED ASSETS

Fixed assets as of June 30 are as follows:

	2016	2015
Land	\$ 270,000	\$ 270,000
Building	1,593,995	1,593,995
Machinery, Equipment & Vehicles	123,682	154,673
Furniture & Fixtures	23,354	33,191
Property Improvements	457,196	463,228
Leasehold Improvements	88,307	92,935
Capital Lease Equipment	12,419	24,505
Computer Equipment	0	5,132
Playground	83,492	83,492
Subtotal Fixed Assets	2,652,445	2,721,151
Less: Accumulated Depreciation	(1,331,258)	(1,295,297)
Net Fixed Assets	\$ 1,321,187	\$ 1,425,854

Depreciation expense was \$114,698 and \$113,637 for the years ended June 30, 2016 and June 30, 2015, respectively.

Note F: LEASES

BFHP leases equipment, copiers, washing machines, and buildings for their residential programs and administrative purposes. The leases have varying expirations dated through July 2022.

Future minimum principle payments are as follows:

Fiscal year ending June 30:	
2017	\$ 296,768
2018	217,402
2019	150,244
2020	35,620
2021	4,270
2022	1,005
Total	\$ 705,309

Note G: SECURITY DEPOSITS, CLIENT SAVINGS, AND PASS-THROUGH FUNDING

Client security deposits and savings are held on behalf of housing program participants, in checking accounts which bear no interest, and are refundable upon program departure. BFHP also provides representative payee services to clients who require assistance with money management, and support for the maintenance of permanent housing. In addition, Pass-through funds for fiscal services are also held on behalf of government agencies in non-interest bearing checking accounts.

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note H: LOAN AND MORTGAGES PAYABLE

Loan

Having determined the need for technical and financial assistance in order to continue as a going concern on March 1, 2000, BFHP entered into an agreement with the Board of Trustees of Episcopal Charities (“EC”). This service agreement was terminated in June 2007. Under the agreement, EC supplied technical assistance and financial support relative to the operation management of BFHP. As part of its financial support, the Episcopal Bishop of California (“EBC”) agreed to lend EC \$300,000, with the specific objective of short term financial aid to BFHP. This entire amount was provided to BFHP in March 2000. This loan is a part of EBC’s bank line of credit, and bears interest and has payment terms identical to those of EBC’s line of credit agreement. The loan bears interest at the bank’s reference rate (3.25% at June 30, 2016 and 2015), and is payable in monthly installments of interest only. The balance due was \$84,195 and \$96,195, respectively, at June 30, 2016 and 2015. Interest paid on this amount was \$3,127 and \$3,377, respectively.

Mortgages

On November 4, 1998, BFHP entered into a \$317,630 loan agreement with the City of Berkeley (“City”). An additional \$270,000 was borrowed from the City on March 29, 2002. The City loans bear simple interest at six percent (6%) per annum over fifty-five years, with all interest and principal payments to be deferred until March 1, 2053 or upon sale of the property, whichever occurs first.

In December 2001, BFHP entered into a \$160,000 loan agreement with the County of Alameda Housing and Community Development (“County”). The County loan bears simple interest at three percent (3%) per annum over ten years, with all interest and principal payments deferred until January 1, 2020, at which time the County shall evaluate the deferral status of this note and establish a payment schedule. The County loan is due and payable in ten years, or upon sale of the property, whichever occurs first.

On December 8, 2001, BFHP received an \$88,000 Affordable Housing Program (AHP) subsidy. The AHP subsidy is non-interest bearing, with a fifteen-year compliance period.

Total mortgage proceeds of \$835,630 were used to finance the rehabilitation and expansion of the Dwight Way property and all loans are secured by said property.

At June 30, 2016 and 2015, interest payable includes \$599,789 and \$564,531 interest payable to the City, respectively, and \$79,200 and \$74,400 interest payable to the County, respectively. Future minimum principle payments are as follows:

Fiscal year ending June 30:	
2017	\$ 100,000
2018	0
2019	0
2020	160,000
2021	0
2022	0
Thereafter	587,630
Total	<u>\$ 919,825</u>

**BERKELEY FOOD AND HOUSING PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note I: DONATED SERVICES, MATERIALS, AND FACILITIES

BFHP receives donated services from a variety of unpaid volunteers assisting BHFP in its programs. No amounts have been recognized in the accompanying Statements of Activities because the criteria for recognition of such volunteer effort has not been satisfied. Professional services valued at \$0 and \$2,071 and various materials valued at \$104,277 and \$51,683, were donated to BHFP, for the fiscal years ended June 30, 2016 and 2015, respectively. Donated professional services have been recognized as support and revenue, with an offsetting amount recognized as expenses, in the accompanying statements of activities. Donated materials were received and utilized by the various programs and for development purposes, and have been allocated as program expenses accordingly.

The use of local government facilities has been donated to BFHP for the operation of its Men's Shelter and Veteran's Transitional and Housing Programs. The estimated rental value of the governmental facility was \$46,840 and \$46,840 for the fiscal years ended June 30, 2016 and 2015, and is reflected in the accompanying financial statements as in-kind donations and rent expense.

Note J: COMMITMENTS AND CONTINGENCIES

Grant awards and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. BFHP deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of BFHP to the provisions of the grants. BFHP's management is of the opinion that the organization has complied with the terms of all grants.

Note K: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, BFHP's temporarily restricted net assets are temporarily restricted for the following activities:

FEMA Phase 33, Emergency Shelter	\$ 18,000
Capital Campaign	<u>1,077,405</u>
Total	<u>\$ 1,095,405</u>

Note L: SUBSEQUENT EVENTS

BFHP's management has evaluated its subsequent events through March 16, 2017, the date the financial statements were available to be issued.

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

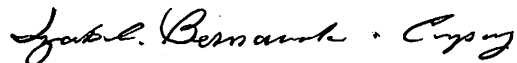
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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

We have audited the financial statements of Berkeley Food and Housing Project for the year ended June 30, 2016, and have issued our report thereon dated March 16, 2017 and is presented in the preceding section. That examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The following Schedules are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements, and, in our opinion the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



San Francisco, California
March 16, 2017

**BERKELEY FOOD AND HOUSING PROJECT
SUPPLEMENTAL INFORMATION
SCHEDULE OF ALAMEDA COUNTY AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

The following is a summary of the awards, grant, and contracts received from the County of Alameda as of June 30, 2016:

	Contract Period	Contract #	Amount
Social Services - Workforce and Benefits Administration	7/01/15 - 6/30/16	12646, 12615, 12576	\$ 466,606
MHSA Innovation	7/01/14 - 6/30/16	NA	42,313
Boomerang Housing Program	7/01/15 - 12/31/16	12082	37,560
Realignment Housing Program	7/01/15 - 6/30/16	12378	<u>10,949</u>
Subtotal - non-federal awards			<u>557,427</u>
CalWORKs Housing Program	7/01/14 - 6/30/16	11167	78,484
Medi-Cal Administrative Activities	2014-2015	NA	165,487
Emergency Solutions Grant	7/01/15-6/30/16	12349	<u>36,000</u>
Subtotal - federal awards			<u>279,971</u>
Total awards, grants, and contracts			<u>\$ 837,399</u>

The following is a summary of the awards, grant, and contracts received from the County of Alameda as of June 30, 2015:

Social Services - Workforce and Benefits Administration	7/01/14 - 6/30/15	10707, 10731, 10700	\$ 453,014
MHSA Innovation	7/01/14 - 6/30/15	NA	56,346
AB109 - Post Release Community Supervision	7/01/14 - 6/30/15	7776	<u>11,667</u>
Subtotal - non-federal awards			<u>521,027</u>
CalWORKs Housing Program	7/01/14 - 6/30/15	11167	49,927
Medi-Cal Administrative Activities	2010 - 2014	NA	353,161
Emergency Solutions Grant	7/01/14-6/30/15	10625	<u>21,066</u>
Subtotal - federal awards			<u>424,154</u>
Total awards, grants, and contracts			<u>\$ 945,181</u>

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

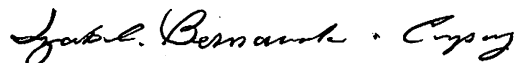
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**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

We have audited the financial statements of Berkeley Food and Housing Project as of and for the year ended June 30, 2016, and have issued our report thereon dated March 16, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



San Francisco, California
March 16, 2017

**BERKELEY FOOD AND HOUSING PROJECT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

GRANTOR	Grant Number	Federal CFDA Number	Expenditures
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through County of Alameda: Supportive Housing Program</i>			
Russell Street Residence Continuum of Care Program	CA0114-L9T-021407	14.267	\$ 292,729
North County Women's Center Continuum of Care Program	CA0105-L9T-021407	14.267	255,399
North County Women's Center Continuum of Care Program	CA0105-L9T-021508	14.267	168,657
Subtotal 14.267			<u>716,785</u>
<i>Passed through City of Berkeley</i>			
Community Development Block Grant	9291B	14.218	165,536
Community Development Block Grant	9291B	14.218	74,557
Community Development Block Grant	9142C	14.218	9,465
<i>Passed through City of Emeryville</i>			
Community Development Block Grant	PO# 20150158	14.218	4,600
<i>Passed through City of Albany</i>			
Community Development Block Grant	C13-10A	14.218	26,000
Subtotal 14.218			<u>280,158</u>
<i>Passed through City of Berkeley</i>			
Emergency Solutions Grant	9291B	14.231	22,088
<i>Passed through County of Alameda</i>			
Emergency Solutions Grant	C-12349	14.231	36,000
Subtotal 14.231			<u>58,088</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,055,031</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through County of Alameda</i>			
Medi-Cal Assistance Program	MOU 2014-2015	93.778	165,487
CalWORKs Housing Program	11167	93.558	78,484
<i>Passed through County of Solano</i>			
Community Services Block Grant	15F-2045	93.569	34,129
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>278,100</u>
U. S. DEPARTMENT OF VETERANS AFFAIRS			
<i>Direct:</i>			
VA Homeless Providers Grant and Per Diem Program	10-94-CA	64.024	153,829
Supportive Services for Veteran Families Program	14-CA-175	64.033	736,248
TOTAL U. S. DEPARTMENT OF VETERANS AFFAIRS			<u>890,077</u>
U. S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Alameda County Food Bank</i>			
Emergency Food Assistance Program	N/A	10.569	5,271
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>5,271</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through United Way of America</i>			
Emergency Food and Shelter National Board Program	Phase 32	97.024	19,000
Emergency Food and Shelter National Board Program	Phase 33	97.024	18,000
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>37,000</u>
TOTAL FEDERAL EXPENDITURES			<u>2,265,479</u>

See notes to the financial statements

**BERKELEY FOOD AND HOUSING PROJECT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

LOANS

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Passed through County of Alameda

HOPWA - County of Alameda

Loan 14.241

160,000

TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOANS

160,000

TOTAL EXPENDITURES AND LOANS OF FEDERAL AWARDS

\$ 2,425,479

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Berkeley Food and Housing Project under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Berkeley Food and Housing Project, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Berkeley Food and Housing Project.

Note B: Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Berkeley Food and Housing Project has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Berkeley Food and Housing Project, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berkeley Food and Housing Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berkeley Food and Housing Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Berkeley Food and Housing Project's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkeley Food and Housing Project's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Francisco, California
March 16, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
BERKELEY FOOD AND HOUSING PROJECT
Berkeley, California

Report on Compliance for Each Major Federal Program

We have audited Berkeley Food and Housing Project's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Berkeley Food and Housing Project's major federal programs for the year ended June 30, 2016. Berkeley Food and Housing Project's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Berkeley Food and Housing Project's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about Berkeley Food and Housing Project's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance with each major program. However, our audit does not provide a legal determination of Berkeley Food and Housing Project's compliance.

Opinion on Each Major Federal Program

In our opinion, Berkeley Food and Housing Project complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Berkeley Food and Housing Project is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Berkeley Food and Housing Project's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Berkeley Food and Housing Project's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California
March 16, 2017

**BERKELEY FOOD AND HOUSING PROJECT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

A. SUMMARY OF AUDITOR'S RESULTS	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. Uniform Guidance Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Programs:	14.267 CONTINUUM OF CARE PROGRAM
5. Dollar Threshold for Type A Programs	\$750,000
6. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE REPORTED
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in the Uniform Guidance	NONE REPORTED

**BERKELEY FOOD AND HOUSING PROJECT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no prior year audit findings.